

Message Text

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12

ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 PA-02 PRS-01

NEA-10 /116 W

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R 220903Z JAN 76

FM AMEMBASSY JAKARTA

TORUEHC/SECSTATE WASHDC 2305

INFO AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS JAKARTA 0956

E.O. 11652: N/A

TAGS: ENRG, ID

SUBJ: GEN. IBNU INTERVIEW WITH TEMPO MAGAZINE

1. JANUARY 17 EDITION OF TEMPO MAGAZINE, LOCAL INDONESIAN-
LANGUAGE WEEKLY, PUBLISHED TEXT OF INTERVIEW WITH PERTAMINA
PRESIDENT-DIRECTOR GEN. IBNU SUTOWO. HIGHLIGHTS OF INTERVIEW
FOLLOW:

A. OPEC AND PRICES -- IBNU WAS ASKED ABOUT REPORTS OF PRICE
SHAVING AMONG OPEC MEMBERS. HE REPLIED THAT THESE CHARGES WERE
"SUBJECTIVE" SINCE "NO FORMULA CAN BE APPLIED FOR EVERY
COUNTRY AND EVERY CRUDE." IBNU ADMITTED OIL MARKET IS DEPRESSED,
CAUSING SOME SURPLUS PRODUCTION. DIFFICULTY WAS IN SELLING AS
MUCH OIL AS POSSIBLE WITHOUT REDUCING PRICE. SINCE FACTORS
THAT INFLUENCE PRICE ARE NOT SAME FOR EVERY MEMBER, THERE CAN
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ALWAYS ARISE AN ATMOSPHERE IN WHICH CHARGES AND COUNTER CHARGES

ARE MADE.

B. CHINESE OIL EXPORTS TO JAPAN -- IBNU CONFIRMED THAT INCREASED EXPORTS OF CHINESE CRUDE TO JAPAN WILL REDUCE SALES OF INDONESIAN RATHER THAN MIDEAST OIL IN THAT MARKET. "ON THE OTHER HAND, OUR SALES TO THE WEST COAST HAVE INCREASED." HE INDICATED THAT STRICTER WEST COAST POLLUTION CONTROLS MADE LOW SULPHUR CRUDE MANDATORY, IMPLYING THAT INDONESIAN EXPORTS TO U.S. WOULD CONTINUE TO RISE.

C. PERTAMINA DEBT -- ASKED WHY PERTAMINA HAD INCURRED HUGE SHORT-TERM DEBT POSITION, IBNU SAID PROBLEM WAS CAUSED BY FAILURE OBTAIN PROMISED LONG-TERM CREDIT FROM MIDDLE EAST. IBNU EXPLAINED THAT IN 1974 PERTAMINA HAD SIGNED 20 YEAR LOAN AGREEMENT FOR \$1.7 BILLION AT 7 1/2 - 8 PERCENT INTEREST RATES. LOAN OFFER CAME FROM MIDDLE EAST VIA LONDON BANK AND WAS TO BE USED FOR PROJECT FINANCING E.G., KRAKATAU STEEL AND BATAM ISLAND. IBNU SAID PERTAMINA CONSIDERED THIS LOAN "SAFE" AND HENCE WENT AHEAD AND LINED UP SHORT-TERM "BRIDGING" CREDITS THAT WERE TO BE REPAYED LATER BY \$1.7 BILLION LONG-TERM LOAN. HOWEVER, IBNU SAID "THE LONG-TERM CREDIT DID NOT COME, AND THAT'S THE PROBLEM. I STILL WONDER WHY THE LOAN HAS DISAPPEARED JUST LIKE THAT." IBNU MENTIONED THAT GOVERNMENT WAS AWARE OF THIS LOAN.

D. PERTAMINA REORGANIZATION -- IBNU ADMITTED THAT, AS A RESULT OF DECREE NO. 44, HIS SPAN OF CONTROL IS NARROWER NOW THAT BOARD OF DIRECTORS WILL HAVE DIRECT SUPERVISION OF THE OPERATING DIVISIONS. "BUT WHETHER THIS CHANGE WILL BE BETTER DEPENDS ON EXECUTION."

E. IBNU'S SUCCESSOR -- IBNU SAID THAT CHANGE AT TOP WAS INEVITABLE: "I NEVER DREAM OF WANTING TO BE PRESIDENT-DIRECTOR FOR LIFE." HE INDICATED THAT HE HAD EVEN SUGGESTED NAMES OF POSSIBLE REPLACEMENTS TO MINES MINSTER SADLI AND TO PRESIDENT SUHARTO.

2. TEXT OF INTERVIEW BEING FORWARDED TO DEPARTMENT.
RIVES

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